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FARM PAPER LETTER

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HOW FARM EXPORTS HELP OUR NATION AND YOU AND ME Once in a while, I'm asked whether our efforts to promote sales of agricultural products overseas benefit anyone other than farmers. Someone, I suspect, is pulling my leg. Then I rediscover that the question is for real. Some people whose busy daily lives are far removed from the soil really don't see the many ways U.S. farm exports touch us all.

Farm, suburban and city editors alike may get this question more often than in the past as the world shrinks and interest in world trade intensifies in the months and years ahead. When you respond, you may wish to cite these facts:

-- **ENOUGH TO EAT.** Exports help our farmers feed us and millions more around the world. As the years go by, farmers are depending more and more heavily on exports to stay in business and grow all those meals. Ten years ago, exports provided 15% of total cash for U.S. farmers. Today, exports provide nearly 30% of that income.

-- **COST OF EATING.** Exports hold food prices down. U.S. farm exports take the production of one harvested cropland acre out of three. Without those exports, more than one-third of the nation's productive cropland would be idled, raising the per-unit costs of farm production and, in turn, pushing our bills up at the supermarket.

-- **JOBS.** More than one million people in the United States work in jobs related to farm exports. Most of these people are in nonfarm industries closely associated with agricultural exports.

-- **NATIONAL ECONOMY.** This country exported \$36 billion worth of farm products in calendar year 1983, giving us a favorable balance of trade in agriculture, meaning we exported \$20 billion more than we imported. These dollars helped reduce our \$80 billion deficit in nonfarm trade, where we import more than we export. In fiscal 1984, our farm exports rose to \$38 billion, and the volume of exports is expected to expand in 1985.

-- **NONFARM BUSINESSES.** Farm exports have a major impact on our nonfarm businesses. Every dollar in exports of major commodities generates another \$1.05 in economic activity in such areas as transportation, financing, warehousing and production of supplies sold to farmers. In 1983, for example, farm exports created about \$38 billion worth of additional nonfarm business. This was in addition to the \$36 billion in actual farm exports and would not have existed without those exports, leaving a huge hole in the growth of nonfarm commerce in this country.

-- MOVE 'EM OUT. Paint all of the ships that go out to sea with U.S. agricultural exports in a year's time and you'll create a dazzling scene. These vessels and other transportation vehicles go to other lands with 60% of the wheat and rice we grow, about half of our cotton, more than 40% of our soybeans, and a third of our feed grains and tobacco.

-- WORLD NEEDS. To meet global needs and sell the crops we grow, the United States provides more than 40% of world wheat exports and about 80% of world corn exports. We supply 80% of world soybean exports, 60% of cotton seed, 24% of the rice, 20% of the tobacco, and 18% of the lemons and limes exported.

-- 'FARMING' FOR OIL. U.S. farmers turn each barrel of petroleum consumed on the farm into 24 barrels for the nation. Here's how: It took about 50 million barrels of oil to produce and ship \$36 billion worth of farm exports in 1983. Those farm exports paid for all of the 1.2 billion barrels of oil imported by the United States, which cost \$35 billion. In short, the 50 million barrels of oil that were used to produce and ship our farm products overseas bought 1.2 billion barrels of oil in return. That's a 1-to-24 cost-benefit ratio.

-- MULTI-WAY TRAFFIC. Agricultural trade flows all directions. The United States not only is the world's leading exporter of farm commodities; it also is a major farm product importer and a significant source of income to many Third World countries. For example, we import 85% of the exports from the Dominican Republic and 71% from Rwanda.

-- 'BOUT YOU 'N ME. To my knowledge, nobody has counted the number of people who make a living in whole or in part by thinking, talking, writing, editing, printing, broadcasting and researching facts about farm imports and exports. If world agricultural trade were halted today, would you have a job tomorrow? I don't know 'bout me.

FARM EXPORTS, IMPORTS HIGHER THAN LAST YEAR U.S. farm exports came to \$38 million in fiscal 1984, 9% above 1983. Agricultural imports rose 15% to nearly \$19 billion, in part because of the strong recovery of the nation's economy. Domestic demand for agricultural products continues strong, and real disposable income for 1984 is expected to be up about 7% from last year. Food prices will rise only moderately.

Forecasters of USDA's Economic Research Service say the volume of U.S. exports could expand in 1985, with some debt restructuring and continued recovery in the developing countries and crop shortfalls in some importing nations.

EXPANDED EXPORTS EYED. Our agricultural exports can grow a lot more, say officials of USDA's Foreign Agricultural Service. The market on the Arabian Peninsula is one example.

Nations on that Peninsula -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia -- the United Arab Emirates and Sanaa (Yemen) -- import more than \$8 billion worth of farm products a year, about half as much as Japan

- more -

PROBLEM. Although the wide variety of people who work in the Arabian oil industry make the peninsula a market for food producers all over the world, our suppliers have been somewhat slow to tap the potential of this oil-rich region. Result: So far, U.S. suppliers have been getting less than 8% of the market.

WHY? The Arabian market is complex, steeped in ancient Muslim law and customs that often test the patience and understanding of U.S. suppliers.

SOLUTION. To win a bigger share of that market, U.S. suppliers, the government and others will have to make a substantial investment in time to gain an understanding of tradition as well as unique ways of doing business on the Arab Peninsula.

EXAMPLES. An age-old Muslim ban on alcohol has opened the door to imports of fruit juices, sodas and other beverages, says a U.S. exporter whose company manufactures cranberry products which are native only to North America. Pork is strictly forbidden in the peninsula countries. But sales of red meats and poultry last year came to \$39.8 million.

KNOW PEOPLE BETTER. Personal contact is extremely important when dealing with these nations. And, successful methods of conducting meetings in Arab countries differ sharply from those in the United States and nearly every other part of the world.

WINNERS. U.S. suppliers who go that extra mile to understand their potential customers are making sales.

PRODUCTS THEY BOUGHT. Rice, wheat, fruit and vegetable products, oilseeds, vegetable oils and fresh fruit were the top U.S. exports to the Arabian region in 1983. Our suppliers also sold those countries large amounts of sugar, soybeans, nuts, poultry and cotton. In all, our farm exports to the peninsula that year amounted to \$668.6 million, up from \$616.4 million in 1982.

WHAT'S AHEAD? Experts predict a constant but slower increase in trade with the region in coming years in the face of competition from the European Community, Australia and other exporting nations.

EXPORTS HIKE SOUGHT FOR U.S. LIVESTOCK Just removing unintended barriers can boost exports of U.S. livestock, believe USDA officials and exporters, and a drive to do that is under way. Partners in the venture are the USDA and the Livestock Exporters Association of Bloomington, Ill. The campaign aims to resolve differences in animal health regulations between the United States and countries where U.S. livestock and embryos now are excluded.

"Many problems related to the international sale of livestock are not really questions of animal health, but are differences in testing and certification of animal health," said Richard A. Smith, administrator of USDA's Foreign Agricultural Service.

Smith said new agreements worked out by the USDA and the Livestock Exporters Association will remove many procedural problems and open new markets in Asia, Europe and Latin America.

When the final figures are in, exports of cattle, swine and breeding horses are expected to total \$68 million in fiscal 1984.

MONTH'S HORTICULTURAL EXPORTS \$215 MILLION U.S. exports of horticultural products eased down to \$215 million in September, 1% below the same month last year. A strong dollar compared to nearly every important currency was the cause. Most commodities contributed to the weak showing. Tree nuts, with a \$12 million gain, was a notable exception. Fresh citrus exports were particularly weak as volumes declined for oranges, grapefruit and lemons.

From October, 1983, to September, 1984, horticultural earnings came to \$2.6 billion, more than \$80 million below the previous year.

For more information, call (202) 382-8910.

USDA LOANS CREDITED WITH HELPING FARMERS Despite a widely-held perception to the contrary, lending programs administered by the USDA have prevented thousands of farmers from going out of business. This was achieved, said a USDA official, by making special arrangements with more than 33,000 farmers who could not make the required payments on their loans.

"USDA's Farmers Home Administration supervisors in nearly 2,000 local offices rescheduled, consolidated or reamortized loans for over 30,200 farm borrowers," said Charles W. Shuman, administrator for the agency. "They also deferred part of the loan payments due from more than 2,800 farmers."

"Without these special actions," said Shuman, "these farmers would not have been able to continue farming."

Shuman said more than 70% of the agency's borrowers are making their payments on schedule.

For more information, call Fred McGhee at (202) 447-4323.



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